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ARIZONA CORPORATION COMMISSION  
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AZ CORP COMMISSION  
 March 8, 2010 CONTROL

Ms. Deborah R. Scott  
 Pinnacle West Capital Corporation  
 400 North Fifth Street  
 Post Office Box 53999/MS 8695  
 Phoenix, Arizona 85072-3999

Docket number: E-01345A-09-0227  
 APS Flagstaff project

Ms. Scott:

Below are draft questions Commissioner Kennedy has prepared, and is requesting answers from APS:

1. Please describe the rebate process that APS will utilize. Will APS benefit from this rebate process? If yes, please describe how. Will the ratepayers benefit from this rebate process? If yes, please describe how. If no, please explain why.
2. Please provide additional clarification regarding the funding source(s) for the project.
3. Please provide information regarding the updated balances of the RES funding from 2008 and 2009 budgets.
4. The recommended order states that the Company be allowed to modify or discontinue the project with 120 days written notice to the Commission and that notice should also be provided to the project participants.
  - a. Should the Company decide to discontinue the project, what will happen to equipment and who will be responsible for the equipment?
  - b. Do you believe APS should be required to obtain Commission approval before discontinuing this project? If no, why not?
5. What is the Company's response to the RUCO written comments that APS's solar charge is parallel or close to the rate that third party installers are charging?

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Thank you for your prompt attention to this matter.

Sincerely,



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